

In Boardrooms and in Courtrooms, Diversity Makes a Difference

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Monday, January 15, 2007; Page A02

When the Rev. Martin Luther King Jr. called on America to open the doors of opportunity to people of color, the civil rights leader was making a moral argument.

Cedric Herring recently decided to take things one step further. Given that discussions about morality are often divisive, the sociologist decided to take a more scientific approach. In other words, beyond the question of whether diversity is a good thing, is there evidence that it makes a difference?

Herring has just completed his study. He found that companies that are more diverse have more customers, a larger share of their markets and greater profitability. In fact, when Herring puts his numbers on a graph, he finds a linear relationship between diversity and business success, meaning that as diversity increases, those business indicators increase in step.

"Those companies that have very low levels of racial and ethnic minorities have the lowest profits and the lowest market share and the lowest number of customers," he said. "Those that have medium levels do better, and those that have the highest levels do the best."

Herring got his results by obtaining data about diversity levels and business performance from about 250 companies. He verified the information with independent statistics from Dun & Bradstreet Corp. and documents filed with the federal government. The 250 companies are representative of all U.S. businesses with more than 10 employees -- from the restaurant down the street that employs a dozen people to multinational corporations with thousands of workers. Herring found the same relationship between diversity and business success whether a company was large or small.

While Herring's study points to the benefits of diversity, it does not directly address the contentious question of how it should be achieved.

As a good scientist, he is cautious about the result and says it does not prove that companies do better because they are diverse. What the study shows is a correlation between diversity and business success. While diversity could be the cause of better business outcomes, it is also possible, for example, that companies that are successful to begin with do a better job of attracting and retaining minorities.

Herring, who works at the University of Illinois at Chicago, says he agrees with advocates who have long argued that workers with different backgrounds make companies more responsive to customers. This model suggests that racial diversity is a marker for diverse ideas, attitudes and life experiences, and that having a range of perspectives can alert a company to threats and opportunities.

New research from psychology, however, suggests that this information model might only partially explain diversity's impact. Something more subtle -- and intriguing -- also seems to happen when people of color join groups that were formerly all white: The entire group starts to think in new ways. Minorities, in other words, not only bring new perspectives to the table but also seem to catalyze new thinking among others.

Tufts University psychologist Sam Sommers recently created mock juries -- either all white or diverse -- with volunteers from the public. He then provided the groups with ambiguous

information about a crime involving a sexual assault and a black defendant. Sommers asked his "jurors" to judge whether the defendant was guilty.

About a third of whites in juries that were diverse thought the defendant was guilty, while 50 percent of the jurors in all-white groups reached that conclusion. What was really interesting, however, is that Sommers had people draw their conclusions before the groups had any discussions. The mere presence of people of color in the diverse groups caused whites to think differently about the case.

Of course, this doesn't tell you whether that change in thinking is a good thing. If diverse groups merely prompt whites to become more lenient toward black defendants, for example, it is possible that defendants who are actually guilty can be let off the hook. But Sommers said that didn't appear to be the case. When the groups were allowed to talk, diverse groups explored more points of view than all-white groups -- exactly what you would want from a good jury.

In a more recent experiment, Sommers asked all-white and diverse groups to read short passages and then asked them to answer SAT-style questions about the passages. When the topics touched on race -- affirmative action, for example -- whites who were part of diverse groups answered more questions correctly than people in all-white groups.

Again, the groups had no verbal interaction before answering the questions, so it wasn't that people of color raised issues that prompted whites to remember the material more clearly. Rather, the mere act of sitting around a table with a diverse group of people seemed to improve the performance of white participants.

While such changes could be deliberate -- whites forcing themselves to be more alert when people of color are around -- Sommers thinks the changes are largely unconscious.

"It is not just the minority group members who are responsible for the diversity -- something happens to all the members in a group when the group is diverse," he said. "White people behave differently and have different cognitive tendencies in a diverse setting than in a homogenous setting."